

By: Ellis

S.B. No. 1620

A BILL TO BE ENTITLED

AN ACT

relating to payment periods for certain life insurance policies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 1101, Insurance Code, as effective June 1, 2003, is amended by adding Section 1101.014 to read as follows:

Sec. 1101.014. PAYMENT PERIOD FOR CERTAIN LIFE INSURANCE POLICIES. (a) This section applies to an insurer authorized to write life insurance in this state under Chapter 841, 882, 884, or 982.

(b) This section applies to any individual or group life insurance policy, other than a term life insurance policy, issued in this state, including an industrial insurance policy offered under Chapter 1151.

(c) For a life insurance policy with an initial face amount of \$15,000 or less on which the total amount of premiums paid under payment terms offered for the policy, minus cash dividends received under the policy, could exceed 150 percent of the policy's face value, the insurer shall also offer the applicant for the policy a payment period established by the commissioner under Subsection (d).

(d) The commissioner by rule shall establish periods for the payment of premiums on a policy described by Subsection (c) at the end of which the policy is paid up.

1 SECTION 2. The change in law made by this Act applies only
2 to a life insurance policy offered for sale on or after January 1,
3 2004. A life insurance policy offered for sale before January 1,
4 2004, is governed by the law in effect immediately before the
5 effective date of this Act, and that law is continued in effect for
6 that purpose.

7 SECTION 3. This Act takes effect September 1, 2003.